

**Remarks**

Applicants have carefully reviewed the Notice of Non-Compliant Amendment dated May 27, 2009. Applicant thanks the Examiner for clarifying by telephone that the main issue concerns the statements in response to the 102 Rejections. While Applicant's position is that the Amendment is technically compliant because the rejection was addressed and the claims amended in a way that makes the rejections moot, Applicant concedes that the last sentence addressing the Section 102 rejections is erroneous and makes no sense in light of prior prosecution. Thus, Applicant will clarify this section here. Applicant has also added some additional argumentation concerning the Section 101 rejection in light of the Court of Appeals for the Federal Circuit's decision in *In re Bilski*. It is Applicant's understanding that a petition for writ of certiorari has been granted by the United States Supreme Court to review this decision so the holding of *Bilski* is at least in question. Nevertheless, Applicant believes that the claims as amended satisfy the patentability requirements of both the *State Street* and *Bilski* decisions. Applicant requests full allowance of the remaining claims as amended. Finally, Applicant has made some minor clarifying statements in the section on obviousness.

This Application has been carefully reviewed in light of the Office Action dated June 25, 2008. Although Applicant believes all claims are allowable without amendment, Applicant has amended the independent claims 1 and 11 to clearly distinguish over the prior art cited by the Examiner. Applicant has made various amendments to other dependent claims. None of these amendments are considered necessary for patentability, and no new matter has been added. Applicant respectfully requests reconsideration and allowance of all pending claims.

The Applicant thanks the Examiner for conducting an interview on October 9, 2008. Applicant thanks the Examiner for being prepared to discuss the issues that were discussed and for noting additional minor clarifying amendments to the drawings and specification. Applicant agrees with the substance of the Examiner's interview summary. The novelty of the amended claims over the prior art cited by the Examiner was discussed as were various minor clarifying amendments to the drawings and specification.

Applicant notes that it had cancelled Claims 19-25 in a prior office action in response to a restriction requirement by the Examiner. The Examiner withdrew the restriction requirement. The Examiner considers Claims 19-25 to be pending despite the prior cancellation given the withdrawal of the restriction requirement. Applicant thus wishes to cancel Claims 19-25 and explicitly does so again without prejudice or disclaimer. All of the Examiner's rejections of these claims are moot in light of their cancellation.

Applicant has made various minor clarifying changes to the drawings and specification based upon discussions with the Examiner during the interview. No new matter has been added.

Inventor Kalman Lifson passed away in 2007. It is the understanding of Applicant's attorney that a 1/2 interest in the application passed to Judith Lifson, surviving spouse of Mr. Lifson and that a 1/2 interest in the application passed to the estate of Mr. Lifson--the estate's 1/2 interest being subsequently assigned to a trust. It is the understanding of Applicant's attorney that the trust is a small entity and that small entity status is still appropriate. Applicant has submitted appropriate powers of attorney and apologizes for the delay in obtaining them.

#### **I. Claim Objections**

The Examiner objects to Claims 1, 11, and 19-25 because of informalities. Applicant has made amendments to the claims to correct various informalities. Reconsideration and favorable action are requested.

The Examiner noted another issue during the interview. The term "multiple linear regression" was referred to in dependent claims using the label "linear regression." The independent claims are meant to refer broadly to any multiple linear regression technique and the amendments to dependent claims 2 and 14 made for consistency in terminology do not affect claim scope with respect to the type of regression used.

## **II. Section 101 Rejections**

The Examiner rejects Claims 1 and 19 under 35 U.S.C. § 101 because the claimed invention is allegedly directed to non-statutory subject matter. Claims 2-10 are rejected because they depend from Claim 1. Claim 20-25 are rejected as depending from Claim 19. Specifically, the Examiner objects to Claim 1 because the method recites purely mental steps.

Applicant has cancelled Claims 19-25 making these rejections moot. With respect to Claims 1-10, Applicant has made appropriate amendments to the claims to make clear that certain steps are performed using one or more computers. Applicant discussed these amendments with the Examiner during the telephone interview of October 9, 2008. Amended Claim 1 thus uses a computer to yield a useful, concrete and tangible result--data representing the degree of overvaluation or undervaluation of a plurality of stocks. This data is then used to take the concrete step of purchasing or selling stocks, futures contracts, or options using the data generated by the computer. Claims 2-10 depend upon Claim 1 and likewise use a computer to yield a useful, concrete and tangible result. Applicant submits that claims 1-10, as amended, are in compliance with Section 101.

The Court of Appeals for the Federal Circuit's decision in *In re Bilski* does not change the fact that the claims as amended are in compliance with Section 101. Amended Claim 1 is tied to a machine (one or more computers) while Amended Claim 11 recites software on a computer-readable medium--a tangible apparatus. Both meet the requirements of the *Bilski* decision.

## **III. Section 112 Rejections**

The Examiner rejects Claims 1-10, 17, 21, and 24 under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claims the subject matter which applicant regards as the invention. Claims 2-10 are rejected depending from Claim 1. Applicant has addressed all of the issues raised by the Examiner in claims that are still pending and believes that all indefiniteness problems, if any, have been cured.

## **IV. Section 102 Rejections**

The Examiner rejects Claims 1, 3-4, 6-7, 9, 11, 15-16, 18-19, 22-23, and 25 under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent 6,453,303 to Li ("Li").

Applicant has amended Claim 1 to incorporate limitations substantially similar to those of Claim 8 and has amended Claim 11 to incorporate limitations substantially similar to those in Claim 17. Accordingly, Applicant believes that the rejections under 102(b) are moot. The Examiner did not find the limitations of either Claims 8 or 17 present in *Li* and those limitations have now been incorporated into the independent claims 1 (limitations of Claim 8) and 11 (limitations of Claim 17), respectively. The absence of these limitations (which was discussed in the October 8, 2008 interview) is discussed further below in connection with the obviousness rejections. Applicant's amendment of the claims should not be construed as agreement with the Examiner that *Li* discloses the remaining elements of Claims 1 and 17. The amendment simply makes moot the need for Applicant to make arguments concerning other limitations.

**V. Section 103 Rejections**

The Examiner rejects Claims 2, 8, 13, 17, 20, and 24 under 35 U.S.C. § 103(a) as being unpatentable over *Li* in view of Multiple Regression website (2002) ("*MR website*"). The Examiner rejects Claims 5, 14, and 21 under 35 U.S.C. § 103(a) as being unpatentable over *Li* in view of U.S. Patent 7,167,837 to Ciampi ("*Ciampi*"). The Examiner rejects Claims 10 and 12 under 35 U.S.C. § 103(a) as being unpatentable over *Li* in view of admitted prior art. Applicant believes that all of these rejections are moot in light of the amendments to Claims 1 and 11 other than the rejections of Claims 8 and 17. Because Claims 1 and 11 are patentable over the prior art, all rejected dependent claims are likewise patentable.

With respect to the separately rejected dependent claims, in order to avoid burdening the record and in view of the clear allowability of independent Claims 1, and 11, Applicant does not specifically discuss the rejections of claims other than 8 and 17 in this Response. However, Applicant reserves the right to discuss these distinctions in a future Response or on Appeal, if appropriate.

With respect to the rejection of Claims 8 and 17, Applicant respectfully traverses the rejection. Applicants have amended Claims 1 and 10 to incorporate limitations substantially similar to Claims 8 and 17 respectively. Neither *Li* nor the MR Website teach or suggest using a second multiple linear regression to eliminate stocks for purchasing or selling using a second equation where the second equation can be used to predict the value of a particular

financial statistic that is different from the dependent variable of the first equation. While the MR Website suggests eliminating outliers by comparison to the standard deviation of a first multiple linear regression, it in no way teaches or suggests eliminating stocks from consideration by engaging in a second linear regression. The MR Website is eliminating outliers based only on the result of the first regression.

The use of a second linear regression has the benefit of allowing statistical examination of a different aspect of the business of a plurality of stocks than was examined with the dependent variable of the first linear regression to make more intelligent purchasing decisions. By way of example, and not limitation, an example is given in the specification of purchasing or selling stocks of financial institutions. The first regression may produce an equation that may be used to estimate value of a financial institution in various ways such as stock price, price to earnings ratio, price to book value ratio, or price to revenue ratio. See Specification p. 17, l. 16--p. 22, l. 30. A second regression may then be used to create an equation that examines a different aspect of the businesses of these financial institutions. For example, one can use a second equation to create an estimate of the amount of reserves that the market as a whole believes are appropriate given other financial statistics for a financial institution. This second regression can be used to eliminate an institution from consideration if its actual reserves deviate from the estimate of required reserves by more than a particular threshold. See, e.g., Specification p. 24, l. 25--p. 26, l. 14. The claimed method may thus lead to better decisionmaking but using multiple statistical measures to eliminate various stocks from consideration. A second regression may be used to create an equation for a financial statistic different than the dependent variable of the first equation. Neither Li nor the MR Website teaches or suggests using a second multiple linear regression to eliminate stocks for purchasing or selling by developing a second equation for a financial statistic that differs from the dependent variable of the first equation.

#### **IV. No Waiver**

All of Applicant's arguments and amendments are without prejudice or disclaimer. Additionally, Applicant has merely discussed example distinctions from the references cited by the Examiner. Other distinctions may exist, and Applicant reserves the right to discuss

these additional distinctions in a later Response or on Appeal, if appropriate. By not responding to additional statements made by the Examiner, Applicant does not acquiesce to the Examiner's additional statements. The example distinctions discussed by Applicant are sufficient to overcome the Examiner's rejections.

**Conclusion**

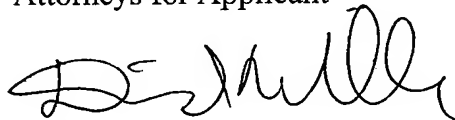
This Application has been carefully reviewed in light of the Office Action of June 25, 2008 and the subsequent Notice of Non-Compliant Amendment dated May 27, 2009. Applicant has made an earnest attempt to place this case in condition for allowance. For at least the foregoing reasons, Applicant respectfully requests reconsideration and favorable action in this Application.

If the Examiner feels that a telephone conference would advance prosecution of this Application in any manner, the Examiner is invited to contact David G. Wille, Attorney for Applicant, at the Examiner's convenience at (214) 953-6595.

Applicant believes no fees are due. However, the Commissioner is hereby authorized to charge any necessary fees or credit any overpayments to Deposit Account No. 02-0384 of BAKER BOTTS L.L.P.

Respectfully submitted,

BAKER BOTTS L.L.P.  
Attorneys for Applicant



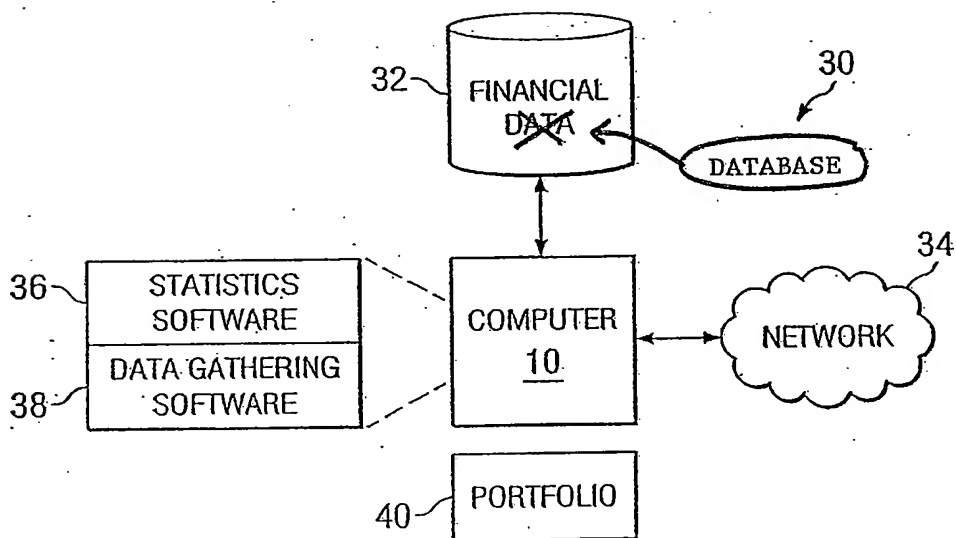
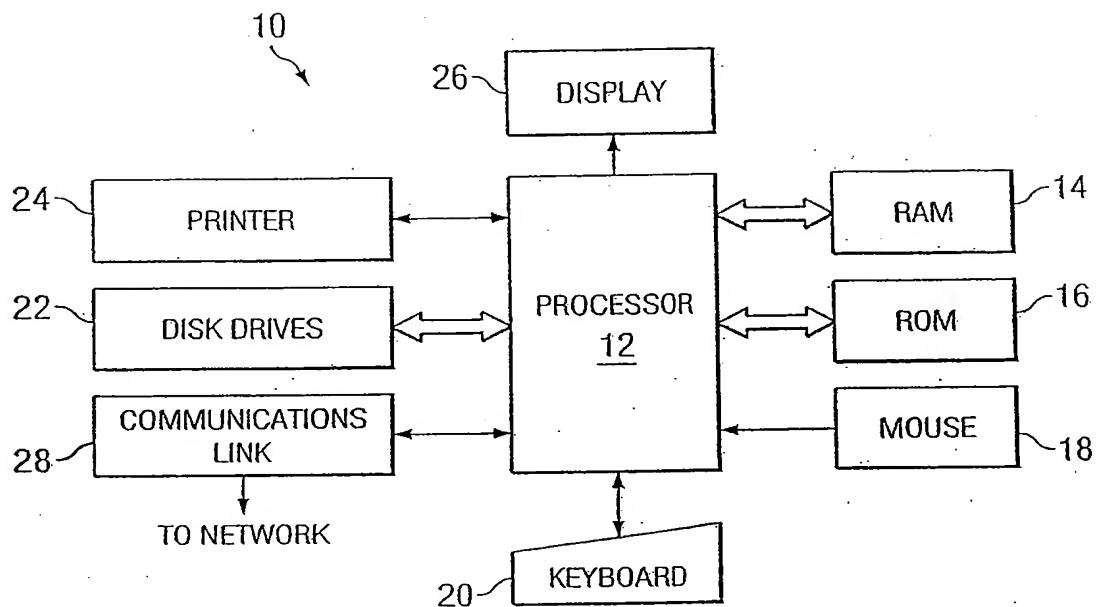
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1/2





2/2

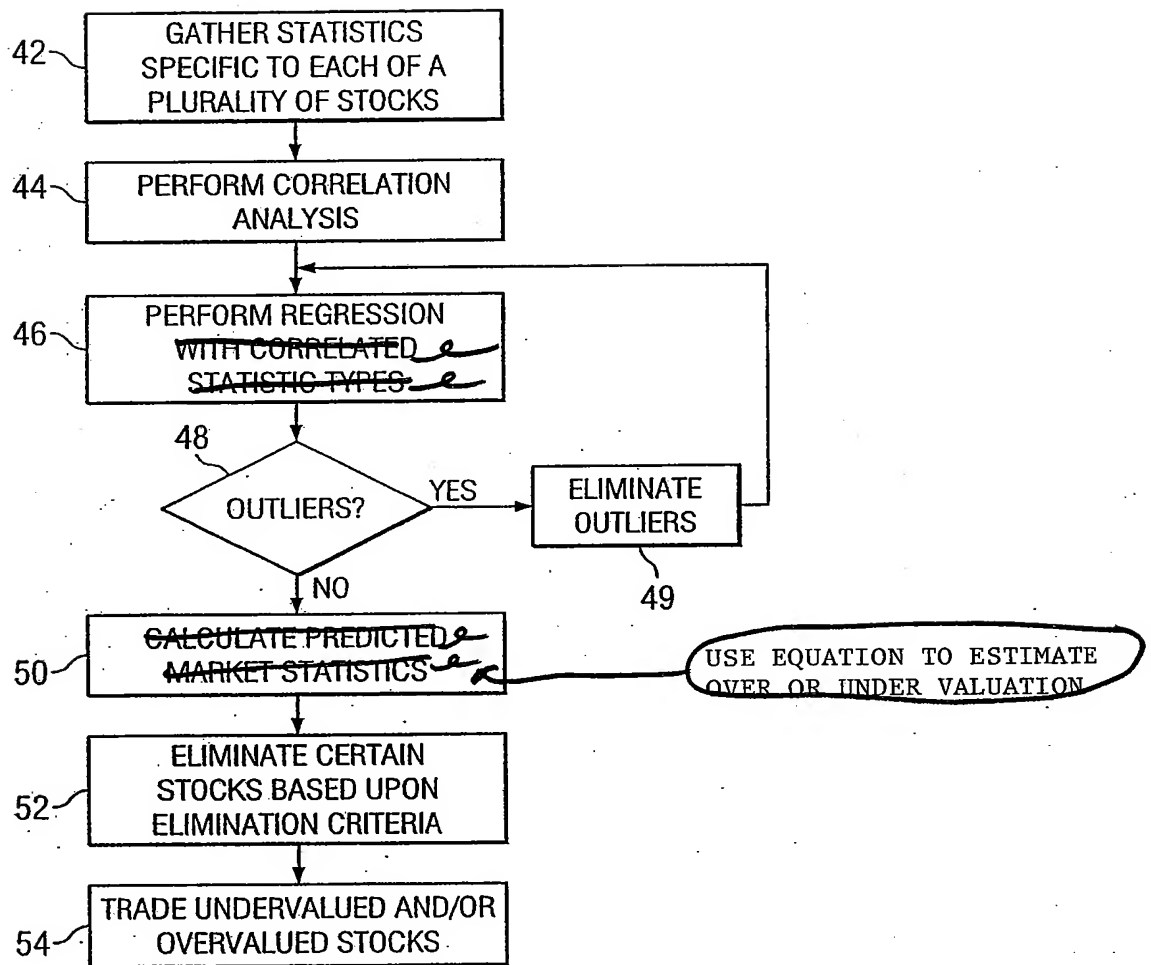


FIG. 3